

2003-01B

FY03 SPECIAL EDUCATION COSTS

TO: City Auditors and Town Accountants
Regional School District Business Managers

FROM: James R. Johnson, Director of Accounts

DATE: January 2003

SUBJECT: Special Education Students placed in Private Residential Schools
Department of Education "50/50" Program

The State Department of Education (DOE) administers the so-called "50/50" program, in which the state pays for approximately half the tuition cost for special education students placed in private, residential schools. The state's share is paid directly to the private schools.

DOE's current fiscal year appropriation is insufficient to pay all anticipated claims. In past years, the legislature has covered shortfalls in the program through supplemental appropriations or other means. Due to the state's current fiscal situation, DOE does not expect to receive any such relief this year.

At a result, DOE has notified school districts that it will only pay for services rendered through the end of the third quarter. Private schools will be instructed to bill the sending school districts for the full cost of services rendered in the fourth quarter.

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At the same time, DOE has announced the availability of a one-time federal grant which districts can use for these tuition costs. DOE expects the federal grant will cover most if not all of the shortfall. However, DOE will not be able to make any payments under the federal grant until it has received the final fourth quarter FY03 accounting of actual costs from districts. Realistically, the payments are likely to be made in mid- to late-August, after the closing of the fiscal year.

For purposes of determining the amount of available funds or “free cash” as of July 1, 2003 pursuant to Chapter 59 § 23, we will recognize accrual of such claims by cities and towns as of June 30, 2003, which otherwise would result in a deficit fund balance at that date. Similarly, for purposes of determining the balance in the “excess and deficiency” fund as of June 30, 2003 pursuant to Chapter 71 §16 B ½, we will recognize accrual of such claims by regional school districts as of June 30, 2003, which otherwise would result in a deficit fund balance at that date. You should secure a copy of the claim for the federal grant to document this accrual.

The Bureau’s instructions for FY03 closing will include reference for accruals for this federal grant program.

School budgets for FY04 should developed recognizing the uncertainty of the level of funding for the “50/50” program.